

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
September 29, 2021

Portola Senior, located at SE corner of Glenn Ranch Road and Saddleback Ranch Road in Lake Forest, requested and is being recommended for a reservation of \$840,242 in annual federal tax credits to finance the new construction of 57 units of housing serving tenants with rents affordable to households earning 50% of area median income (AMI). The project will be developed by Community HousingWorks and will be located in Senate District 37 and Assembly District 68.

Project Number CA-21-647

Project Name Portola Senior
Site Address: SE corner of Glenn Ranch Road and Saddleback Ranch Road
Lake Forest, CA 92679 County: Orange
Census Tract: 1524.28

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$840,242	\$0
Recommended:	\$840,242	\$0

Applicant Information

Applicant: Portola Senior Housing Associates, LP
Contact: Mary Jane Jagodzinski
Address: 3111 Camino del Rio North #800
San Diego, CA 92108
Phone: (619) 450-8710
Email: mj Jag@mchworks.org

General Partner(s) or Principal Owner(s): Lake Forest Housing Opportunities, LLC
General Partner Type: Nonprofit
Parent Company(ies): Community HousingWorks
Developer: Community HousingWorks
Bond Issuer: CMFA
Investor/Consultant: California Housing Partnership Corporation
Management Agent: ConAm Property Management

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 58
No. / % of Low Income Units: 57 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt

Information

Housing Type: Non-Targeted
 Geographic Area: Orange County
 TCAC Project Analyst: Jonghyun(Tommy), Shim

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
50% AMI: 57	100%

Unit Mix

<u>58 1-Bedroom Units</u>
58 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
17 1 Bedroom	50%	\$1,261
40 1 Bedroom	50%	\$1,261
1 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$18,559
Construction Costs	\$10,207,108
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,076,424
Soft Cost Contingency	\$307,613
Relocation	\$0
Architectural/Engineering	\$877,387
Const. Interest, Perm. Financing	\$1,613,489
Legal Fees	\$0
Reserves	\$267,747
Other Costs	\$1,399,374
Developer Fee	\$1,953,655
Commercial Costs	<u>\$4,072,718</u>
Total	\$21,794,074

Residential

Construction Cost Per Square Foot:	\$230
Per Unit Cost:	\$300,943
True Cash Per Unit Cost*:	\$300,943

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
US Bank - T.E	\$11,245,815	US Bank - Taxable	\$5,499,000
US Bank - Taxable	\$4,307,355	Master Developer Gap Loan	\$3,732,585
Master Developer Gap Loan	\$3,732,585	Master Developer - Commercial	\$4,339,380
Deferred Interest	\$122,912	Deferred Interest	\$122,912
Deferred Cost	\$939,265	General Partner Contribution	\$953,655
General Partner Contribution	\$953,655	General Partner Capital	\$100
General Partner Capital	\$100	Tax Credit Equity	\$7,146,442
Tax Credit Equity	\$492,387	TOTAL	\$21,794,074

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$16,158,507
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$21,006,059
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$840,242
Approved Developer Fee in Project Cost:	\$1,953,655
Approved Developer Fee in Eligible Basis:	\$1,686,993
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.85052

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.